

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

SB 2265 - HB 2240

March 5, 2014

SUMMARY OF BILL: Authorizes non-alcoholic substances to be blended with alcoholic beverages to manufacture infused spirits. Authorizes hotels anywhere in the state, to dispense sealed alcoholic beverages and beer to adult guests through locked, in room units, rather than being restricted to hotels in municipalities having a population exceeding 100,000, if such municipality has approved on-premises consumption of alcoholic beverages by referendum. Changes the definition of a “hotel”, for purposes of on-premises consumption licensing, by removing the requirement that hotels serve food and have public dining rooms with a seating capacity of a least 75 tables where meals are regularly served to guests. Adds language to the definition of “limited service restaurant” that would allow food not prepared on the premises to be included in the calculation of prepared food sales. Deletes the requirement that caterers have a permanent dining hall and provide food in order to serve alcoholic beverages.

ESTIMATED FISCAL IMPACT:

Increase State Expenditures - \$461,000/One-Time/ABC Fund
Exceeds \$648,200/Recurring/ABC Fund

Assumptions:

- No additional permits will be issued as a result of this bill; therefore, no additional permit fee revenue.
- ABC will require eight new agents to oversee the entities blending products authorized by the bill.
- The recurring increase in state expenditures from the ABC Fund for each new agent position is estimated to be \$60,455 (\$32,412 salary, \$11,985 benefits, \$16,058 other). One-time state expenditures from the ABC Fund for each new agent position are estimated to be \$55,560, which includes costs for mental and physical examinations, equipment, training, computer and related accessories, and vehicle costs.
- The recurring increase in state expenditures from the ABC Fund related to the eight new agents is estimated to be \$483,640 (8 x \$60,455). The one-time increase in state expenditures related to these positions is estimated to be \$444,480 (8 x \$55,560).
- ABC will require three new administrative assistants to assist in the oversight of blended products.

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- The recurring increase in state expenditures from the ABC Fund for the administrative assistant position is estimated to be \$38,200 (\$26,400 salary, \$10,000 benefits, \$1,800 other). One-time state expenditures from the ABC Fund for this position are estimated to be \$5,500, which includes costs for computer, software, supplies, etc.
- The recurring increase in state expenditures from the ABC Fund related to the three new administrative assistants is estimated to be \$114,600 (3 x \$38,200). The one-time increase in ABC Fund expenditures related to these positions is estimated to be \$16,500 (3 x \$5,500).
- ABC will be required to conduct laboratory tests on blended samples. The cost for such tests is estimated to exceed \$50,000 annually.
- The total one time increase in state expenditures to the ABC Fund is \$estimated to be \$460,980 (\$444,480 agent positions + \$16,500 administrative assistant positions).
- The total recurring increase in state expenditures to the ABC Fund is estimated to exceed \$648,240 (\$483,640 agent positions + \$114,600 administrative assistant positions + \$50,000).

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.



Lucian D. Geise, Executive Director

/cce